GALA CORAL
GROUP

Condensed Consolidated Interim Financial Information (unaudited)

Gala Coral Group Limited
Sixteen week period ended 17 January 2015

Registered Number: 07254686

Gala Coral Group Limited
Forward Looking Statements

This report may include forward looking statements. All statements other than statements of historical facts included in this report, including those regarding Gala Coral's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Gala Coral, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

The words "believe," "anticipate," "expect," "predict," "intend," "estimate," "plan," "aim," "assume," "forecast," "project," "will," "may," "should," "risk," "probable" and similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward looking statements. All statements other than statements of historical facts included in this report including, without limitation, in relation to the Group's investment performance, results of operations, financial position, liquidity, prospects, growth potential, strategies and information about the macro-economic, industry and regulatory environment in which the Group operates are forward looking. Readers of this report should not rely on forward looking statements because, by their nature, such forward looking statements involve known and unknown risks and uncertainties that could cause the Group's actual results, performance or achievements and the development of the industry in which it operates to be materially different from those expressed in, or suggested by, the forward looking statements contained in this report.

These forward looking statements are made as of the date of this report and are not intended to give any assurance as to future results. Neither the Group nor any of the Group's Directors or other officers undertake any obligation, except as required by law or by any appropriate regulatory authority, to report publicly any revisions or updates to these forward looking statements to reflect events that occur, circumstances that arise or new information of which they become aware after the date of this report.

Gala Coral Group Limited
Use of Non-GAAP Financial Measures

The Group uses the EBITDA based financial measure of EBITDA before exceptional items in this report. The Group defines EBITDA before exceptional items as financial result for the period before income tax expense, net finance costs depreciation and amortisation and exceptional items (including profit/(loss) on disposal of fixed assets). For a discussion of exceptional items, see "Note 4: Exceptional Items" herein. The Group utilises EBITDA before exceptional items for the Group and for all of its divisions.

This EBITDA based measure is a non-U.K. GAAP measure. The Group uses EBITDA based measures as internal measures of performance to benchmark and compare performance, both between its own operations and as against other companies. EBITDA based measures are measures used by the Group, together with measures of performance under U.K. GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. The Group believes EBITDA based measures are useful and commonly used measures of financial performance in addition to operating profit and other profitability measures under U.K. GAAP because they facilitate operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, financing and capital structures, taxation positions or regimes and exceptional items, the Group believes EBITDA based measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Group believes EBITDA based measures and similar measures are regularly used by the investment community as a means of comparison of companies in the Group's industry. Different companies and analysts may calculate EBITDA based measures differently, so making comparisons among companies on this basis should be done very carefully. EBITDA based measures are not measures of performance under U.K. GAAP and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of the Group's operations in accordance with U.K. GAAP.

In addition to this EBITDA based measure, the Group has included other non-U.K. GAAP financial measures in this report, some of which the Group refers to as "key performance indicators". The Group believes that it is useful to include these non-U.K. GAAP measures as they are used by the Group for internal performance analysis and the presentation by its business divisions of these measures facilitates comparability with other companies in the Group's industry, although the Group's measures may not be comparable with similar measurements presented by other companies. These other non-U.K. GAAP measures should not be considered in isolation or construed as a substitute for U.K. GAAP measures in accordance with U.K. GAAP.

NOTICE

These interim accounts have been prepared at the level of Gala Coral Group Limited.

As permitted by the bond indentures, the Group is allowed to prepare interim accounts at the level of either Gala Coral Group Limited or Gala Electric Casinos plc. In order to harmonise external reporting where possible for the Group, Gala Coral Group Limited is the preferred reporting entity.

From a profit and loss account perspective, the difference between accounts consolidated at Gala Coral Group Limited and those at Gala Electric Casinos plc is an immaterial amount of group interest payable. From a balance sheet perspective there is a small difference in net assets relating to the amount due in respect of subordinated group debt (the GCGL loan notes) and there are some classification differences in capital and reserves.

Gala Coral Group Limited
Management Report

FINANCIAL HIGHLIGHTS

- Group turnover from continuing operations for the quarter increased by £19.4 million.
- Total Group Opco EBITDA (pre-exceptional items)[1] £6.8 million or 11% ahead of last year.
- Online EBITDA (pre-exceptional items) 19% ahead (53% ahead pre Point of Consumption tax) with Coral.co.uk stakes 74% ahead, Galabingo.com stakes 34% ahead and Eurobet.it sports stakes 44% ahead.
- Coral Retail EBITDA (pre-exceptional items) in line with last year.
- Volume growth in Eurobet Retail (sports stakes +22%) offset by weak sports margins.
- Gala Retail EBITDA (pre-exceptional items) 66% ahead – driven by the bingo duty benefit and 4% increase in spend-per-head.
- Disposal of Propco properties completed and Propco rents adjusted to market levels

{1} Results include all revenue and expenses for the continuing Opco Group and exclude the Casinos disposed of in FY14

OVERVIEW OF THE QUARTER BY DIVISION

Coral Retail

Coral Retail EBITDA (pre-exceptional items)[2] of £40.1 million was £0.1 million ahead of last year, despite the increased level of adverse football results (2015 impact: £10.7 million, 2014 impact: £6.4m). Machines gross win was 4% ahead of last year, with gross win per machine per week reaching £975, helped by exclusive B3 content.

Penetration of Connect continues to increase across all age groups and demographics. Connect customers' overall spend is twice that of non-Connect customers.

{2} The count of unique days upon which a site is visited

Eurobet Retail

Eurobet Retail EBITDA (pre-exceptional items) was £1.4 million or 39% behind last year following the adverse football results during the quarter (2015 impact: £5.6 million, 2014 impact: £1.4 million). Sports stakes were 22% ahead of last year, primarily due to the increased estate size (2015: 834, 2014: 623), with retail sports market share increasing to a record 13.7% (2014 Q1: 11.1%), and the share of retail virtual betting increasing quarter-on-quarter by 1.0pp to 18.1%. We continue to review the performance of the enlarged shop estate with a view to optimising the location of around 140 less profitable units.

Online

Online EBITDA (pre-exceptional items) of £12.9 million was £2.1 million or 19% ahead of last year despite the adverse football results (2015 impact: £5.3 million, 2014 impact: £3.8 million) and the implementation of Point of Consumption ('PoC') tax on 1st December 2014 (£3.6 million). Pre-PoC EBITDA growth was £5.7 million or 53%.

During the quarter we successfully merged the back-office functions of Coral Interactive and Gala Interactive, and positioned the combined business under one management structure. The merged division will enable us to bring together our collective knowledge and experience to ensure that the Coral and Gala online brands develop more strongly than they would have done on their own. Whilst this was not primarily an exercise in cost cutting, there will be some marginal in-year benefit (circa £1.0 million).

Coral.co.uk actives were 49% ahead of the same quarter last year and spend-per-head was 17% ahead. Ongoing improvements to both the sportsbook product offering and the mobile user experience were well received by customers. Mobile represented 61% of both sports and gaming stakes, an increase of 13pp in sports from the prior year, and an increase of 11pp in gaming, demonstrating the ever-increasing importance of this channel.

Coral Connect was also a key contributor to the higher actives and spend-per-head levels in Coral.co.uk, with Connect customers beginning to embrace the benefits of accessing their single wallet across all channels.

OVERVIEW OF THE QUARTER BY DIVISION (continued)

Online (continued)

Galabingo.com spend-per-head was 33% ahead, primarily driven by improvements to the VIP programme. The "Play Happy" TV campaign has helped drive customer acquisition and reactivation. More sophisticated CRM has led to a significant improvement in retention levels, with churn levels improving by 8pp compared to the same period last year. Mobile represented 45% of stakes, an increase of 17pp from the prior year, and is driving an increase in player days{2} of 14% as customers use a range of different devices.

In Italy, a successful cross-channel marketing campaign, which for the first time included major television airtime, helped drive an increase in Eurobet.it actives of 39%, with both acquisition and retention levels ahead of last year. Eurobet.it has significantly outperformed the market and reached number 2 in the Italian online sports betting market. Eurobet.it's online sports market share of 10.1% in January was 0.2pp ahead of the prior year despite the entry of Bet365 into the regulated Italian online market in October which increased the size of the online market by 40% overnight; all other major operators saw their share decline significantly as a result.

{2} The count of unique days upon which a site is visited

Gala Retail

Gala Retail EBITDA (pre-exceptional items) was £4.8 million or 66% ahead of the prior year with the reduction in bingo duty (£4.0 million) a major contributor to the year-on-year growth. Post the introduction of Price-Smash in FY14, the business has continued to re-invest in its customer experience through the continuation of 'everyday low pricing' and fixed prize boards, as well as pursuing its strategy of increasing the number of customers using electronic tablets to play bingo. These measures have helped drive Mainstage spend-per-head 13% ahead of last year. However, as a consequence of this strategy we have experienced a decline in the frequency of visits of low value paper players. Growth in Machines has also been very encouraging with spend-per-head up 9% primarily due to the introduction of improved content on B3 machines.

OVERVIEW OF THE QUARTER

Group turnover from continuing operations for the quarter increased by £19.4 million to £375.5 million (2014: £356.1 million). In the prior year the Group generated £4.1 million of turnover from the discontinued casino operations.

Continuing Opco Group EBITDA (pre-exceptional items) for the quarter was £6.8 million ahead of the prior year. During the prior year the Group also generated £0.2 million of EBITDA (pre-exceptional items) from its disposed casino business.

A depreciation charge (excluding trading potential write downs on closed bingo clubs) of £21.1 million (2014: £22.1 million) and an amortisation charge of £6.2 million (2014: £5.8 million) were incurred in the quarter.

There was a profit on disposal of fixed assets in the quarter of £79.6 million (2014: £nil) following the sale of a number of properties owned by 2005 Propco Three Limited.

Profit before interest and tax was £111.2 million (2014: £48.8 million).

Interest payable has increased from £73.6 million in 2014 to £78.1 million in 2015 as a result of the roll-up of interest on the GCGL loan notes offset by savings on external loans following a series of repayments in 2014 and 2015. Key elements of the interest charge include loan and bond interest of £38.4 million (2014: £38.4 million), of which £6.9 million (2014: £6.2 million) relates to the 2005 Propco Three Limited loan. Interest payable also includes non-cash interest on GCGL loan notes of £37.1 million (2014: £32.3 million) and £2.6 million of costs (2014: £2.9 million) associated with the amortisation of debt issue costs and amortisation costs of interest rate cap premia.

During the quarter the Group received exceptional interest of £1.3 million (2014: £4.1 million) on VAT refunds from HMRC on 'Conde Nast' claims.

Other finance costs in the quarter were £0.4 million (2014: £1.0 million) associated with the unwinding of discount on provisions and finance costs in relation to the pension scheme.

The overall result after taxation for the quarter is a profit of £35.0 million, compared to a loss of £23.7 million in 2014.

OVERVIEW OF THE QUARTER (continued)

Exceptional items

Exceptional items in the quarter amounted to a £14.1 million charge (2014: £0.6 million).

Included in exceptionals are restructuring costs and VAT rebates amounting to £2.7 million (2014: £3.5 million) and a non-cash share-based payments charge for the quarter of £0.6 million (2014: £1.0 million). In addition there was a write down of trading potential and fixed assets amounting to £8.3 million (2014: £nil) on two bingo clubs which closed during the period. Exceptionals also include a non-cash onerous lease net charge of £2.5 million (2014: net credit of £3.9 million).

Profit on sale of subsidiaries

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited for a combined consideration of £24.7 million (before costs). These disposals resulted in a profit on disposal of £8.0 million.

Cash Generated from Operations

During the quarter net cash inflow from operations was £54.0 million (2014: £40.4 million). This included exceptional cash payments of £6.8 million (2014: £4.7 million).

Of the cash inflows, £16.6 million (2014: £25.0 million) was reinvested in the Group to fund capital expenditure. In the prior year, the Group also acquired a number of LBOs for £3.1 million.

The Group received £187.8 million (2014: £nil) in net receipts from the sale of properties in 2005 Propco Three Limited, following which the Group repaid £215.5 million of the 2005 Propco Three Limited loan.

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million (£23.0 million net of fees).

During the quarter £58.3 million of cash was utilised to meet interest and other financing costs (2014: £54.0 million).

Unlevered free cashflow from operations{3} for the quarter was £37.4 million (2014: £12.3 million).

Total cash outflow for the quarter was £47.1 million (2014: £18.3 million).

{3} Excludes receipts from the sale of tangible fixed assets and net proceeds on the sale of subsidiaries.

Net Debt and Liquidity

Total net debt of £2,050.2 million (27 September 2014: £2,179.2 million) has decreased since the year end following the sale of properties in 2005 Propco Three Limited and subsequent repayment of £215.5 million of the outstanding loan. Whilst total net debt has decreased, 'Opco' net debt has increased by £77.6 million due to the roll up of interest on the GCGL loan notes, the cash outflow in the quarter and the amortisation of issue costs

Cash at bank and in hand of £177.5 million includes cash for covenant purposes of £164.3 million.

OVERVIEW OF THE QUARTER (continued)

Net Debt and Liquidity (continued)

	Opco 17 Jan 2015 £m	Propco 17 Jan 2015 £m	Total 17 Jan 2015 £m	Opco 27 Sept 2014 £m	Propco 27 Sept 2014 £m	Total 27 Sept 2014 £m
Senior secured credit facilities	(711.9)	(89.6)	(801.5)	(711.9)	(305.1)	(1,017.0)
Senior secured notes	(315.0)	-	(315.0)	(315.0)	-	(315.0)
Senior notes	(275.0)	-	(275.0)	(275.0)	-	(275.0)
Cash at bank and in hand	175.8	1.7	177.5	214.0	10.6	224.6
Gross cash net debt	(1,126.1)	(87.9)	(1,214.0)	(1,087.9)	(294.5)	(1,382.4)
Issue costs and discount	22.6	-	22.6	24.5	-	24.5
Net debt pre GCGL loan notes	(1,103.5)	(87.9)	(1,191.4)	(1,063.4)	(294.5)	(1,357.9)
GCGL loan notes (net of issue costs)	(858.8)	-	(858.8)	(821.3)	-	(821.3)
Group net debt	**(1,962.3)**	**(87.9)**	**(2,050.2)**	**(1,884.7)**	**(294.5)**	**(2,179.2)**

PENSIONS

The Group operates the Gala Coral Pension Plan, a fully funded defined benefit pension scheme. On 28 September 2013 the scheme was closed to future accrual. Following the closure of the scheme the Group derecognised the defined benefit pension asset as the surplus can no longer be recovered through the reduction of future contributions.

GOING CONCERN

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

The Group operates an 'Opco-Propco' structure with rentals charged between Group companies for properties which act as security under the 2005 Propco Three Limited loan. The maturity and subsequent non-repayment of the Group's 2005 Propco Three Limited loan facility on 22 April 2014 resulted in a default. Under the terms of the loan agreement, the 2005 Propco Three Limited lenders have security over the assets of 2005 Propco Three Limited and its shares. The assets and shares of 2005 Propco Three Limited, and therefore the loan security pool, are ring fenced from the rest of the Gala Coral Group. The default has no impact on the lease arrangements in place which benefit Gala Retail's trading businesses.

During the quarter the majority of the 2005 Propco Three Limited properties were sold and subsequently leased back by Gala Retail. Following the quarter end the remainder of the properties were either purchased by Gala Retail (6 properties for £1.1 million) or were sold to a third party and leased back by Gala Retail. As at the date of signing these accounts 2005 Propco Three Limited no longer holds any properties with the proceeds on disposal used to repay the outstanding loan, £69.1 million of which remains outstanding. A meeting of the shareholders of 2005 Propco Three Limited is scheduled for 3 March 2015 in order to approve the decision to put the company into a Creditors Voluntary Liquidation, once in liquidation 2005 Propco Three Limited will no longer be consolidated in the Gala Coral Group Limited Group financial statements.

Given the ring fenced nature of the 2005 Propco Three loan facility, the directors do not consider the default to impact the Group's going concern basis of preparation. With due consideration to the financing arrangement described above and the Group's cash flow and trading forecasts, the directors expect that the Group will continue in operational existence for the foreseeable future. For these reasons the directors continue to adopt the going concern basis of preparation.

CURRENT TRADING

Trading in the six week period to 2nd March has been positive with continued strong growth in our Online division. Sports margins in Eurobet Retail and Eurobet.it have remained disappointing but volumes remain strong.

Galabingo.com and Galacasino.com have performed well with strong increases in player acquisitions and retention whilst Gala Retail continues to benefit from the reduction in bingo duty, lower rents in the former Propco clubs and ongoing growth in spend-per-head.

Gala Coral Group Limited
Group Profit and Loss Account

	Notes	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m
Turnover	2,3		
Continuing operations	2	375.5	356.1
Discontinued operations	2	-	4.1
		375.5	360.2
Cost of sales		(108.1)	(101.6)
Gross profit			
Continuing operations	2	267.4	255.1
Discontinued operations	2	-	3.5
		267.4	258.6
Administrative expenses		(236.9)	(219.9)
Operating profit before other operating income		30.5	38.7
Operating profit before other operating income, analysed as:			
Before exceptional items		44.6	39.3
Impairments of bingo assets	4	(8.3)	-
FRS 20 'Share Based Payment' charge and related costs	4	(0.6)	(1.0)
Other restructuring costs and VAT	4	(2.7)	(3.5)
Net (creation)/release of onerous lease provisions	4	(2.5)	3.9
Operating profit before other operating income		30.5	38.7
Other operating income		1.1	2.1
Operating profit/(loss)	3		
Continuing operations	2	31.6	41.6
Discontinued operations	2	-	(0.8)
		31.6	40.8
Profit on disposal of tangible fixed assets	4	79.6	-
Profit on disposal of subsidiary	4	-	8.0
Profit before interest and tax		111.2	48.8
Interest receivable and similar income	5	1.5	4.8
Interest payable and similar charges	5	(78.1)	(73.6)
Other finance costs		(0.4)	(1.0)
Profit/(loss) on ordinary activities before tax		34.2	(21.0)
Tax on profit/(loss) on ordinary activities	6	0.8	(2.7)
Profit/(loss) for the financial period		**35.0**	**(23.7)**

Gala Coral Group Limited
Group Statement of Total Recognised Gains and Losses, Reconciliation of Movement in Total Group Shareholders' Deficit and Note on Historical Cost Profit and Losses

Group Statement of Total Recognised Gains and Losses

	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m
Profit/(loss) for the financial year	35.0	(23.7)
Surplus on revaluation of investment properties	-	1.4
Net foreign exchange adjustments offset in reserves	(1.2)	0.5
Actuarial loss and restriction on recognition of pension assets	(2.8)	(2.1)
Deferred tax credit relating to pension scheme	0.6	0.4
Current tax credit relating to pension scheme	0.6	0.5
Total recognised gains/(losses) for the year	**32.2**	**(23.0)**

Reconciliation of Movement in Total Group Shareholders' Deficit

	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m
Total recognised gains/(losses) for the year	32.2	(23.0)
FRS 20 'Share Based Payment' charge	0.3	1.0
Opening shareholders' deficit	(203.2)	(51.6)
Closing shareholders' deficit	**(170.7)**	**(73.6)**

Note on Historical Cost Profit and Losses

	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m
Reported profit/(loss) on ordinary activities before tax	34.2	(21.0)
Revaluation surplus realised on sale of investment property	8.0	-
Historical cost profit/(loss) for the year before taxation	**42.2**	**(21.0)**
Historical cost profit/(loss) for the year after taxation	**43.0**	**(23.7)**

Gala Coral Group Limited
Group Balance Sheet

	Notes	Unaudited 17 January 2015 £m	Unaudited 18 January 2014 £m	Audited 27 September 2014 £m
Fixed assets				
Intangible assets		338.6	393.3	345.8
Tangible assets		1,710.5	1,886.2	1,807.0
Investment properties		-	45.5	29.0
		2,049.1	2,325.0	2,181.8
Current assets				
Stocks		1.7	3.9	2.0
Debtors		54.3	60.0	43.5
Cash at bank and in hand		177.5	198.0	224.6
		233.5	261.9	270.1
Creditors: amounts falling due within one year	7	(273.9)	(504.2)	(514.6)
Net current liabilities		(40.4)	(242.3)	(244.5)
Total assets less current liabilities		2,008.7	2,082.7	1,937.3
Creditors: amounts falling due after more than one year	8	(2,140.5)	(2,055.3)	(2,101.1)
Provisions for liabilities		(38.9)	(101.0)	(39.4)
Net liabilities excluding net pension asset		(170.7)	(73.6)	(203.2)
Net pension asset		-	-	-
Net liabilities including net pension asset		**(170.7)**	**(73.6)**	**(203.2)**
Capital and reserves				
Called up share capital		213.3	213.3	213.3
Merger reserve		1.6	1.6	1.6
Capital contribution reserve		1,723.5	1,723.5	1,723.5
Revaluation reserve		-	18.8	8.0
Profit and loss account		(2,109.1)	(2,030.8)	(2,149.6)
Total shareholders' deficit		**(170.7)**	**(73.6)**	**(203.2)**

Company Registered Number: 07254686

Gala Coral Group Limited
Group Cash Flow Statement

	Notes	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m	Audited year ended 27 September 2014 £m
Net cash inflow from operating activities	9(a)	54.0	40.4	205.1
Returns on investments and servicing of finance				
Interest received		1.5	4.8	33.6
Interest paid and similar charges		(58.3)	(54.0)	(128.6)
Net cash outflow from returns on investments and servicing of finance		(56.8)	(49.2)	(95.0)
Taxation				
Overseas corporation tax paid		-	-	(3.8)
Capital expenditure and financial investment				
Payments to acquire intangible and tangible assets		(16.6)	(25.0)	(69.1)
Receipts from sales of tangible assets		187.8	-	24.5
Net cash inflow/(outflow) for capital expenditure and financial investment		171.2	(25.0)	(44.6)
Acquisitions and disposals				
Purchase of subsidiary undertakings/trade and assets		-	(3.1)	(6.5)
Net proceeds on sale of subsidiary undertakings		-	23.7	23.0
Cash disposed with subsidiary undertakings		-	(2.0)	(2.0)
Net cash inflow from acquisitions and disposals		-	18.6	14.5
Net cash inflow/(outflow) before financing		168.4	(15.2)	76.2
Financing				
Repayment of Senior secured notes		-	-	(35.0)
Repayment of the 2005 Propco Three Limited loan		(215.5)	(3.1)	(32.9)
Net cash outflow from financing		(215.5)	(3.1)	(67.9)
(Decrease)/increase in cash	9(b)	**(47.1)**	**(18.3)**	**8.3**

Gala Coral Group Limited
Reconciliation of Group Net Cash Flow to Movement in Group Net Debt

	Notes	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m	Audited year ended 27 September 2014 £m
(Decrease)/increase in cash		(47.1)	(18.3)	8.3
Net repayment of long-term loans		215.5	3.1	67.9
Change in net debt resulting from cash flows		168.4	(15.2)	76.2
Other non-cash movements	9(b)	(39.4)	(34.8)	(115.5)
Movement in net debt		129.0	(50.0)	(39.3)
Opening net debt	9(b)	(2,179.2)	(2,139.9)	(2,139.9)
Closing net debt	9(b)	**(2,050.2)**	**(2,189.9)**	**(2,179.2)**

1. Basis of Preparation

The condensed consolidated interim financial information, which is unaudited, is prepared in accordance with the recognition and measurement requirements of United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and, with the exception of tax (see note 16, in accordance with the accounting policies applied in the financial statements for the year ended 27 September 2014 and therefore should be read in conjunction with those annual financial statements, which can be obtained from Gala Coral Group Limited, New Castle House, Castle Boulevard, Nottingham, NG7 1FT. The condensed consolidated interim financial statements do not include all the information or disclosures required in the annual financial statements as they have been prepared for the provision of interim information.

Accounting Estimates

The preparation of the condensed consolidated interim financial information in accordance with UK GAAP requires the Group to make estimates, judgements and assumptions that may affect the reported amounts of assets, liabilities, turnover and expenses and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going Concern

The directors have continued to review the Group's cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the Group is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

The Group operates an 'Opco-Propco' structure with rentals charged between Group companies for properties which act as security under the 2005 Propco Three Limited loan. The maturity and subsequent non-repayment of the Group's 2005 Propco Three Limited loan facility on 22 April 2014 resulted in a default. Under the terms of the loan agreement, the 2005 Propco Three Limited lenders have security over the assets of 2005 Propco Three Limited and its shares. The assets and shares of 2005 Propco Three Limited, and therefore the loan security pool, are ring fenced from the rest of the Gala Coral Group. The default has no impact on the lease arrangements in place which benefit Gala Retail's trading businesses.

During the quarter the majority of the 2005 Propco Three Limited properties were sold and subsequently leased back by Gala Retail. Following the quarter end the remainder of the properties were either purchased by Gala Retail (6 properties for £1.1 million) or were sold to a third party and leased back by Gala Retail. As at the date of signing these accounts 2005 Propco Three Limited no longer holds any properties with the proceeds on disposal used to repay the outstanding loan, £69.1 million of which remains outstanding. A meeting of the shareholders of 2005 Propco Three Limited is scheduled for 3 March 2015 in order to approve the decision to put the company into a Creditors Voluntary Liquidation, once in liquidation 2005 Propco Three Limited will no longer be consolidated in the Gala Coral Group Limited Group financial statements.

Given the ring fenced nature of the 2005 Propco Three loan facility, the directors do not consider the default to impact the Group's going concern basis of preparation. With due consideration to the financing arrangement described above and the Group's cash flow and trading forecasts, the directors expect that the Group will continue in operational existence for the foreseeable future. For these reasons the directors continue to adopt the going concern basis of preparation.

General Information

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Audited statutory accounts for the year ended 27 September 2014 were approved by the Board of Directors on 19 November 2014, have been filed with the Registrar of Companies and are available on the Group website: www.galacoral.co.uk. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Discontinued Operations

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million (£23.0 million net of fees).

These disposals have been treated as discontinued operations in the profit and loss account.

	2015			2014		
	Continuing operations £m	Discontinued operations £m	Total Group £m	Continuing operations £m	Discontinued operations £m	Total Group £m
Turnover	375.5	-	375.5	356.1	4.1	360.2
Cost of sales	(108.1)	-	(108.1)	(101.0)	(0.6)	(101.6)
Gross profit	267.4	-	267.4	255.1	3.5	258.6
Administrative expenses	(236.9)	-	(236.9)	(215.6)	(4.3)	(219.9)
Operating profit/(loss) before other operating income	30.5	-	30.5	39.5	(0.8)	38.7
Other operating income	1.1	-	1.1	2.1	-	2.1
Operating profit/(loss)	**31.6**	**-**	**31.6**	**41.6**	**(0.8)**	**40.8**

3. Segmental Analysis

The Group operates six segments – Coral Retail, Eurobet Retail, Online, Gala Retail, Telebet and Corporate and used to operate the discontinued Gala Casino segment. The Online segment operates online sports betting, bingo, casino and other gaming products. The Eurobet Retail segment comprises betting shops operated under franchise arrangements in Italy.

The segmental disclosure has been restated from the prior year in order to separately report our telephone betting business.

The revenue of Coral Retail and Gala Retail arises solely within the United Kingdom. The revenue of the Eurobet Retail segment arises solely in Italy. The revenue of the Online segment arises in the UK and Europe. Its customers are almost entirely located in the United Kingdom and mainland Europe. Due to the nature of the Online segment, it is not possible to split the net assets by geographical category. The Gala Casino revenue (now discontinued) arose in the United Kingdom and Gibraltar.

3. Segmental Analysis (continued)

Turnover, Group operating profit and net assets are analysed as follows:

Unaudited Sixteen Weeks to 17 January 2015

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Telebet £m	Corporate £m	Group £m
Amounts staked	3,489.3	213.4	1,768.7	158.8	-	17.2	-	5,647.4
Turnover	200.2	21.5	64.8	87.8	-	1.2	-	375.5
Gross profit	151.5	5.4	45.6	63.7	-	1.2	-	267.4
Other admin expenses	(111.4)	(3.2)	(32.7)	(51.6)	-	(0.7)	(0.5)	(200.1)
'Opco' EBITDA[1]	40.1	2.2	12.9	12.1	-	0.5	(0.5)	67.3
Propco rent	-	-	-	5.6	-	-	0.1	5.7
Group EBITDA[1]	40.1	2.2	12.9	17.7	-	0.5	(0.4)	73.0
Depreciation and amortisation	(8.3)	(3.2)	(4.7)	(6.1)	-	-	(5.0)	(27.3)
Operating profit/(loss)[1]	31.8	(1.0)	8.2	11.6	-	0.5	(5.4)	45.7
Exceptional items								(14.1)
Group operating profit								**31.6**

{1} Pre-exceptional items.

The Group operates an 'Opco-Propco' structure with rentals charged between Group companies for properties which act as security under the 2005 Propco Three Limited loan. During the quarter the majority of these properties were disposed and subsequently leased back. During the quarter the majority of the 2005 Propco Three Limited properties were sold and subsequently leased back by Gala Retail. Following the quarter end the remainder of the properties were either purchased by Gala Retail (6 properties for £1.1 million) or were sold to a third party and leased back by Gala Retail. As at the date of signing these financial statements 2005 Propco Three Limited no longer holds any properties.

The amortisation of goodwill in respect of the Online division of £4.0 million has been charged to Corporate costs.

Propco rent receivable of £0.1 million in Corporate relates to rent received from The Rank Group Plc and the Double Diamond Group, on the investment properties. These properties were sold during the quarter.

During the quarter, 'Opco' made a one off payment of £29.4 million to 'Propco' in order to restructure the leasing arrangements, this eliminates on consolidation.

3. Segmental Analysis (continued)

Unaudited Sixteen Weeks to 18 January 2014

	Coral Retail £m	Eurobet Retail £m	Online £m	Gala Retail £m	Gala Casino £m	Telebet £m	Corporate £m	Group £m
Amounts staked	3,426.5	126.9	1,285.8	162.4	14.3	19.3	-	5,035.2
Turnover	201.9	18.3	45.4	87.2	4.1	3.3	-	360.2
Gross profit	152.5	5.7	35.9	59.9	3.5	1.1	-	258.6
Other admin expenses	(112.5)	(2.1)	(25.1)	(52.6)	(3.3)	(1.6)	(0.7)	(197.9)
'Opco' EBITDA{1}	40.0	3.6	10.8	7.3	0.2	(0.5)	(0.7)	60.7
Propco rent	-	-	-	7.3	0.1	-	1.2	8.6
Group EBITDA{1}	40.0	3.6	10.8	14.6	0.3	(0.5)	0.5	69.3
Depreciation and amortisation	(9.1)	(2.4)	(3.0)	(7.2)	(1.0)	-	(5.2)	(27.9)
Operating profit/(loss){1}	30.9	1.2	7.8	7.4	(0.7)	(0.5)	(4.7)	41.4
Exceptional items								(0.6)
Group operating profit								**40.8**

{1} Pre-exceptional items.

The amortisation of goodwill on the Online division of £4.1 million has been charged to Corporate costs.

Propco rent receivable of £1.2 million in Corporate relates to rent received from The Rank Group Plc and the Double Diamond Group.

4. Exceptional Items

Exceptional Items Charged/(Credited) to Operating Profit

Exceptional items in the quarter amounted to a £14.1 million charge (2014: £0.6 million).

Included in exceptionals are restructuring costs and VAT rebates amounting to £2.7 million (2014: £3.5 million) and a non-cash share-based payments charge for the quarter of £0.6 million (2014: £1.0 million). In addition there was a write down of trading potential and fixed assets amounting to £8.3 million (2014: £nil) on two bingo clubs which closed during the period. Exceptionals also include a non-cash onerous lease net charge of £2.5 million (2014: net credit of £3.9 million).

4. Exceptional Items (continued)

Exceptional Items Charged/(Credited) after Operating Profit

1) Profit on Disposal of Fixed Assets

The profit on disposal of £79.6 million in the year (2014: £nil) relates primarily to disposals of properties in 2005 Propco Three Limited.

2) Profit/(Loss) on Disposal of Subsidiary

In December 2013 the Group sold its remaining 4 UK casinos and Gala Casino (Gibraltar) Limited, a wholly owned subsidiary, for a combined consideration of £24.7 million (£23.0 million net of fees). The profit on disposal was £8.0 million.

3) Exceptional Interest (see note 5)

Exceptional interest receivable in the year of £1.3 million (2014: £4.1 million) relates to interest receivable from HMRC on 'Condé Nast' VAT claims.

5. Interest

	Unaudited sixteen weeks to 17 January 2015 £m	Unaudited sixteen weeks to 18 January 2014 £m
Loan interest and similar charges	(31.5)	(32.2)
2005 Propco Three Limited loan interest	(6.9)	(6.2)
GCGL loan note interest	(37.1)	(32.3)
Amortisation of debt issue costs and senior notes discount	(2.3)	(2.5)
Amortisation of interest rate cap premia	(0.3)	(0.4)
Interest payable and similar charges	**(78.1)**	**(73.6)**
Interest on deposits and money market funds	0.2	0.3
Other interest receivable	-	0.4
Exceptional interest receivable (note 4)	1.3	4.1
Interest receivable and similar income	**1.5**	**4.8**
Net interest payable	**(76.6)**	**(68.8)**

Loan interest payable and similar charges include amounts payable on the senior secured credit facilities, senior secured notes and senior notes. Actual amounts paid in cash in the quarter in relation to the 2005 Propco Three Limited loan amounted to £15.1 million (2014: £10.4 million).

In the quarter interest receivable on the 2005 Propco Three Limited cash balance was £nil (2014: £nil) and amortisation of debt issue costs included above were £nil (2014: £0.2 million).

The Group has interest rate caps with a strike rate of 1.25% which mature in September 2015. The interest rate caps cover £350.0 million (2014: £450.0 million) of floating rate borrowings as at 17 January 2015. The remaining premia held on the interest rate caps of £0.6 million will be amortised during 2015.

6. Tax on Profit/(Loss) on Ordinary Activities

Taxation is recognised based on management's best estimate of the average annual effective rate expected for the full financial year. Any charges and credits shown relate to deferred tax and overseas corporation tax.

7. Creditors: Amounts Falling Due Within One Year

	Unaudited 17 January 2015 £m	Unaudited 18 January 2014 £m	Audited 28 September 2014 £m
2005 Propco Three Limited loan	89.6	334.8	305.1
Loan, senior secured notes and senior notes interest	9.7	10.1	29.4
Trade creditors	17.6	6.0	32.8
Corporation tax	1.4	3.0	3.2
Other taxation and social security	53.4	44.1	33.1
Other creditors	23.8	22.9	27.8
Accruals and deferred income	78.4	83.3	83.2
	273.9	**504.2**	**514.6**

During the quarter the Group repaid £215.5 million of the 2005 Propco Three Limited loan following the disposal of properties which were owned by the Company. The 2005 Propco Three Limited loan of £82.1 million (18 January 2014: £334.8 million, 27 September 2014: £305.1 million), is presented net of unamortised issue costs of £nil (18 January 2014: £0.1 million, 27 September 2014: £nil). The 2005 Propco Three Limited loan matured in April 2014 and is secured on certain properties which it owns. Following the quarter end all the remaining properties in 2005 Propco Three Limited were sold with the proceeds used to repay the loan. At the date of signing these accounts the amount outstanding on the 2005 Propco Three Limited loan was £69.1 million.

During the quarter Gala Retail paid rent of £5.6 million (2014: £7.3 million) and Gala Casino paid rent of £nil (2014: £0.1 million) to 2005 Propco Three Limited.

8. Creditors: Amounts Falling Due After More Than One Year

	Unaudited 17 January 2015 £m	Unaudited 18 January 2014 £m	Audited 28 September 2014 £m
Senior secured credit facilities	703.2	700.6	702.4
Senior secured notes	310.5	343.6	310.1
Senior notes	265.6	263.5	264.9
GCGL loan note	858.8	745.4	821.3
Other creditors	2.4	2.2	2.4
	2,140.5	**2,055.3**	**2,101.1**

8. Creditors: Amounts Falling Due After More Than One Year (continued)

The principal terms of the current borrowings are as follows:

	Amount £m	Interest rate %	Maturity
Borrowed by Gala Group Finance plc:			
Senior secured credit facilities			
Term loan	711.9	LIBOR + 5	27 May 2018
Revolving credit facility	100.0	LIBOR + 4	27 May 2017
Senior secured notes	315.0	8.875	1 September 2018
Borrowed by Gala Electric Casinos plc:			
Senior notes	275.0	11.5	1 June 2019

The senior secured credit facilities and the senior secured notes are secured on the assets of the Group. The Group incurred costs relating to the raising of these borrowings and the senior notes were issued at a discount to their nominal value. The issue costs and discount have been deferred and are being amortised over the term of the borrowings.

At 17 January 2015 senior secured credit facilities are presented net of unamortised issue costs of £8.7 million (18 January 2014: £11.3 million, 27 September 2014: £9.5 million).

The senior secured notes and senior notes are presented net of unamortised issue costs (and in respect of the senior notes, also the discount to nominal value) of £4.5 million (18 January 2014: £6.4 million, 27 September 2014: £4.9 million) and £9.4 million (18 January 2014: £11.5 million, 27 September 2014: £10.1 million) respectively.

In addition to the margin payable on the senior secured credit facilities, the Group pays a 1.5% (2013: 1.5%) commitment fee in respect of the unused portion of the revolving credit facility. The revolving credit facility is available to finance working capital requirements and for general corporate purposes. Whilst no amounts have been drawn down on the revolving credit facility, £34.5 million (18 January 2014: £46.0 million, 27 September 2014: £35.1 million) has been utilised through the issuance of letters of credit, primarily in respect of the licences for Eurobet Retail.

The senior secured credit facilities require the Group to comply with certain financial and non-financial covenants, all of which have been complied with. Likewise the senior secured notes and the senior notes require the Group to comply with certain non-financial covenants, all of which have been complied with.

The GCGL loan notes have been issued to its parent company, GCG Manager SA Luxco SCA. The GCGL loan notes are unsecured, were issued with a duration of 10 years and accrues interest of 15.0625% only payable on maturity on 27 October 2020. Interest accrued rolls up into the principal amount on 27 October each year until redemption. At the quarter end rolled up interest amounted to £408.8 million (18 January 2014: £296.7 million, September 2014: £371.7 million) and issue costs of £nil (18 January 2014: £1.3 million, 27 September 2014: £0.4 million) are netted off against the GCGL loan note.

9. Notes to the Group Cash Flow Statement

a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	Unaudited 17 January 2015 £m	Unaudited 18 January 2014 £m	Audited 28 September 2014 £m
Operating profit	31.6	40.8	43.6
Depreciation, amortisation, impairment and write downs	35.6	27.9	204.8
Increase in debtors	(10.1)	(19.0)	(0.9)
Decrease in stocks	0.3	-	2.0
(Decrease)/increase in creditors	(0.5)	4.2	19.0
Decrease in provisions	(0.7)	(11.8)	(70.5)
Pension contributions in excess of profit & loss charge	(2.8)	(2.7)	(2.8)
FRS 20 'Share Based Payment' charge	0.6	1.0	9.9
Net cash inflow from operating activities	**54.0**	**40.4**	**205.1**

b) Analysis of Net Debt

	At 27 September 2014 £m	Cash Flow £m	Other Non-cash Movements £m	At 17 January 2015 £m
Cash at bank and in hand	224.6	(47.1)	-	177.5
Debt due within one year	(305.1)	215.5	-	(89.6)
Debt due after one year	(2,098.7)	-	(39.4)	(2,138.1)
Total debt	(2,403.8)	215.5	(39.4)	(2,227.7)
Net debt	**(2,179.2)**	**168.4**	**(39.4)**	**(2,050.2)**

Non-cash movements comprise amortisation and write off of debt issue costs and senior notes discount of £2.3 million and accrued interest on the GCGL loan notes of £37.1 million.

Cash at bank and in hand as at 17 January 2015 includes the 2005 Propco Three Limited balance of £1.7 million (18 January 2014: £8.9 million, 27 September 2014: £10.6 million) and a cash in hand balance of £11.5 million (18 January 2014: £12.0 million. 27 September 2014: £11.2 million). No cash is provided as collateral in any of the periods reported.

Debt due within the year comprises the 2005 Propco Three Limited loan of £89.6 million (18 January 2014: £334.8 million, 27 September 2014: £305.1 million).

9. Notes to the Group Cash Flow Statement (continued)

c) Cash Flows relating to Exceptional Items (note 4)

	Unaudited 17 January 2015 £m	Unaudited 18 January 2014 £m	Audited 28 September 2014 £m
Included within operating cash flow:			
Other restructuring and VAT	(6.8)	(4.7)	(73.0)
	(6.8)	(4.7)	(73.0)
Net disposal proceeds of tangible fixed assets	187.8	-	24.6
Net disposal proceeds on sale of subsidiary undertakings	-	23.7	23.0
Cash disposed with subsidiary undertakings	-	(2.0)	(2.0)
Exceptional interest received (note 5)	1.3	4.1	32.5
Exceptional interest paid (note 5)	-	-	(7.3)
Net cash inflow/(outflow)	**182.3**	**21.1**	**(2.2)**

Net sales proceeds on the sale of tangible fixed assets includes £188.5 million (18 January 2014: £nil, 27 September 2014: £23.2 million) received in relation to properties disposed by 2005 Propco Three Limited.

In addition to the above, the Group made a pension contribution of £2.8 million (18 January 2014: £2.4 million) during the quarter as part of the agreed deficit funding arrangement. Further payments of £2.8 million will be made in October 2016 and 2017.

In the year ended 27 September 2014, included in other restructuring and VAT is a £54.5 million VAT payment which was made following the UK Court of Appeal's ruling in favour of HMRC, on the fiscal neutrality of VAT of gaming machines. A contingent asset in respect of this claim has been dislosed (see note 10).

10. Contingent Assets

Following the ruling on 30 October 2013 by the Court of Appeal in relation to Gaming Machine VAT contravening the principles of fiscal neutrality, the Group repaid £54.5 million to HMRC. The directors remain confident that upon appeal the UK courts will find in favour of the gaming operators and as such disclose a contingent asset of £58.9 million in relation to this claim.